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SUBJECT: PRC/SUDAN: CHINESE OIL COMPANY VP DISCUSSES SUDAN
WITH SE GRATION

Classified By: Political Minister Counselor Aubrey Carlson. Reasons 1.
4 (b/d).

¶1. (C) SUMMARY. In a rare and free-flowing discussion with visiting Special Envoy for Sudan General Scott Gration, the state-owned China National Petroleum Corporation (CNPC) reported a "wait-and-see" attitude about Sudan's future but hoped to continue oil production regardless of the 2011 referendum results, according to CNPC Vice President Wang Dongjin. Wang said that CNPC's significant involvement in Sudan's oil sector dated back to 1995 and that exploration in Southern Sudan was on-going. The company had donated more than \$50 million to Sudan's social and economic development in the form of infrastructure and training. SE Gration stressed our common interest in peace and security in Sudan and suggested possible U.S.-China collaboration on infrastructure projects. End Summary.

CNPC's "Wait-and-See" Attitude about Sudan's Future

¶2. (C) Given the "serious security situation" in Sudan, CNPC had asked the Sudanese Government to guarantee the security of CNPC oil workers. Queried about the 2010 elections and 2011 referendum, Wang said the company was following events closely and had adopted a "wait-and-see" attitude. He declined to speculate on post-referendum scenarios, commenting that CNPC hoped to continue oil production in North-South border regions regardless of the results of the referendum or the internationally-arbitrated determination of Abyei's borders. Noting the need for a new pipeline and refinery in Southern Sudan, Wang expressed hope that a new pipeline would be completed within two years and a new refinery within three years.

CNPC's Involvement in Sudan's Oil Sector

¶3. (SBU) According to Wang, CNPC had been present in Sudan since 1995 and was now operating in Blocks 1, 2, 3, 4, and 7. In addition, the company was carrying out exploration in Blocks 13 and 15 and had a 50 percent holding in the Khartoum Refinery. In 2008, CNPC produced an average of 500,000 barrels a day of crude oil in Sudan. Asked about prospects for finding more oil in Southern Sudan, Wang commented only that exploration in the southern oil blocks was on-going.

CNPC's Contributions to Sudan's Development

¶4. (SBU) Wang said CNPC had donated more than \$50 million to Sudan's social and economic development in the form of infrastructure and training. In addition to the construction of roads and bridges, the company had set up 10 hospitals,

built 25 schools, donated educational materials to more than 200 schools, drilled 200 water wells, trained more than 1000 Sudanese professionals and provided scholarships for 30-50 students annually to attend China Petroleum University.

SE Generation Urges U.S.-China Collaboration

15. (C) General Gration said that the United States and China shared a common interest in peace and security in Sudan. He said China's oil investments and workers in Sudan could be at risk if the North-South border issue was not resolved, stressing the need to continue pumping oil to generate much-needed revenue for Sudan in general and the Government of Southern Sudan (GOSS) in particular. Gration suggested that the United States and China should coordinate on infrastructure projects in Sudan, listing as possible projects the dredging of the Nile, construction of a railway to Juba and improvement of air fields in the South. He expressed interest in visiting CNPC's oil production field in/around Abyei and seeing the oil pipelines operated by CNPC. Wang responded that Gration would be welcome to visit the CNPC office in Khartoum and that a tour of oil facilities and pipelines could be arranged so long as the Sudanese Government agreed.

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